

105TH CONGRESS  
2D SESSION

# H. R. 4397

To amend the Internal Revenue Code of 1986 to modify the rules for determining whether a corporation is a cooperative housing corporation for purposes of such Code.

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## IN THE HOUSE OF REPRESENTATIVES

AUGUST 4, 1998

Mr. SCHUMER introduced the following bill; which was referred to the  
Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to modify the rules for determining whether a corporation is a cooperative housing corporation for purposes of such Code.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. MODIFICATION TO DEFINITION OF COOPERA-**  
4       **TIVE HOUSING CORPORATION.**

5       (a) IN GENERAL.—Subparagraph (D) of section  
6       216(b)(1) of the Internal Revenue Code of 1986 (defining  
7       cooperative housing corporation) is amended to read as  
8       follows:

1           “(D) 80 percent or more of the total base  
 2           receipts of which for the taxable year in which  
 3           the taxes and interest described in subsection  
 4           (a) are paid or incurred is qualified housing re-  
 5           ceipts.”.

6           (b) DEFINITIONS.—Subsection (b) of section 216 of  
 7           such Code is amended by adding at the end the following  
 8           new paragraphs:

9           “(7) TOTAL BASE RECEIPTS.—The term ‘total  
 10          base receipts’ includes only—

11           “(A) qualified housing receipts, whether or  
 12           not includible in gross income, and

13           “(B) all other amounts includible in gross  
 14           income, other than amounts received or accrued  
 15           on account of—

16           “(i) discharge of indebtedness,

17           “(ii) fire, theft, or other casualty in-  
 18           surance proceeds,

19           “(iii) refunds and interest thereon,

20           “(iv) redemptions of stock of, or pa-  
 21           tronage dividends from, a cooperative,

22           “(v) interest on reserves to the extent  
 23           that such reserves are both (I) maintained  
 24           in connection with providing housing to the  
 25           corporation’s tenant-stockholders and (II)

1 required by a governmental agency, a lender,  
2 er, or as a matter of ordinary business  
3 prudence, or

4 “(vi) other items that the Secretary  
5 determines should be excluded in order to  
6 effectuate the intent of this section.

7 “(8) QUALIFIED HOUSING RECEIPTS.—The  
8 term ‘qualified housing receipts’ includes amounts  
9 received or accrued on account of—

10 “(A) obligations of tenant-stockholders in  
11 their capacity as such, including contributions  
12 to capital, charges for the tenant-stockholder’s  
13 dwelling unit or appurtenant facilities, pay-  
14 ments for utilities or other services rendered in  
15 connection with the tenant-stockholder’s dwell-  
16 ing unit, and interest and late charges in con-  
17 nection with any of the foregoing,

18 “(B) similar obligations of occupants of de-  
19 fault units, but as to any taxable year only to  
20 the extent that the amount does not exceed the  
21 amount that would have come within subpara-  
22 graph (A) had the dwelling units not become  
23 default units,

24 “(C) the operation of laundry, parking,  
25 recreational or other facilities substantially all

1 the customers of which are occupants of either  
2 tenant-stockholders' dwelling units or default  
3 units,

4 “(D) other items that the Secretary deter-  
5 mines should be included in order to effectuate  
6 the intent of this section, and

7 “(E) insurance proceeds in lieu of any of  
8 the foregoing.

9 “(9) DEFAULT UNIT.—The term ‘default unit’  
10 means a dwelling unit to which shares were allocated  
11 and issued and were last outstanding in the hands  
12 of a person who, as a consequence of a default in  
13 an obligation to the corporation, lost the right to oc-  
14 cupy such dwelling unit (whether such shares con-  
15 tinue to be held by such person, were acquired by  
16 the corporation, or were cancelled). The shares allo-  
17 cated to a default unit shall not be taken into ac-  
18 count for purposes of paragraph (1)(B), shall if re-  
19 issued be treated for purposes of paragraph (2) as  
20 if they had remained issued, and shall be treated as  
21 outstanding for purposes of paragraph (3)(A).”.

22 (c) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to taxable years beginning after  
24 the date of the enactment of this Act.

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